

Annual Financial Statements

for

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

for the year ended 30 June: 2012

Province: North West

AFS rounding: R (i.e. only cents)

Contact Information:	
Name of Municipal Manager:	M MOJAKI
Name of Chief Financial Officer:	MW MOLOKELE
Contact telephone number:	0183819446
Contact e-mail address:	molokelem@nmmdm.gov.za
Name of contact at provincial treasury:	EV MALAZA
Contact telephone number:	0183882911
Contact e-mail address:	emalaza@nwpq.gov.za
Name of relevant Auditor:	M SERAPELO
Contact telephone number:	012315501
Contact e-mail address:	masegos@agsa.co.za
Name of contact at National Treasury:	
Contact telephone number:	
Contact e-mail address:	

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information

Members of the Council

ANC

P.A Saku
T.F Ramashilabele
L.J Ali
M. Sedia
M. Monnana
M.B Ramotlatsi
K.J Mojaki
N.R Mokoto
M.S Letlakane
V. Dila
P.K Mokotong
M.M.E Tlhape
B.M Tshenepe
G.L Matshane
L.A Magagane
M.P Kwanaite
D. Moepi
T. Mogatusi
P. Magogodi
N. Ngcobe
N. Mpengezi
K.M Meleloe
K.M Bantsijang
M. Mmota
P. Ntaogae
K. Matlhomane
S. Mpumelelo
M.G Megalane
R. Senna
T.S Nyamane
J. Lebelela
M. Moxabashe

Executive Mayor

Speaker

Chief Whip

[illegible]

UCDP

N.T Moroeng	Member
M.I Lentswe	Member
M.S Mahura	Member

COPE

K.G Moshounyana Member

DA

J. Theologo	Member
B.H.J Groenewald	Member
S.S Malapa	Member
M.J Thabeng	Member
R. Matlholoa	Member

Lekoko
Molefe
Montshioa
Lencoe

Kgosi
Kgosi
Kgosi
Kgosi

Municipal Manager

Mr M Mojaki

Chief Financial Officer

Mr MW Molokele

Grading of Local Authority

Grade 4

Auditors

Auditor-General

Bankers

First National Bank Limited

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information (continued)

Registered Office:

Municipal Offices

Physical address:

Corner Carrington & First Ave
Industrial site
Mafikeng, 2745

Postal address:

Private Bag x 2167
Mafikeng
2745

Telephone number:

018 381 9400

Fax number:

018 381 0561

E-mail address:

www.nmmdm.gov.za

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

31 August 2012

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

Index	Page
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9-19
Notes to the Annual Financial Statements	20-52
Appendix A: Schedule of External Loans	53
Appendix B: Analysis of Property, Plant and Equipment	54-57
Appendix C: Segmental Analysis of Property, Plant and Equipment	58
Appendix D: Segmental Statement of Financial Performance	59

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY STATEMENT OF FINANCIAL POSITION as at 30 June 2012			
	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1	109 849 194	202 857 157
Trade and other receivables from exchange transactions	2	-	-
Other receivables from non-exchange transactions	3	577 660	326 731
Other current financial assets	4	-	-
Inventories	5	7 544 562	6 184 463
Prepayments	6	1 476 279	1 476 279
Investments	7	-	-
Current portion of receivables	8	-	-
VAT receivable	18	66 795 988	54 075 656
Construction contracts and receivables	9	-	-
Non-current assets held for sale	15	-	-
Non-current assets			
Non-current receivables	8	-	-
Investments	10	-	-
Other non-current financial assets	4	-	-
Property, plant and equipment	11	618 009 898	334 275 911
Intangible assets	12	-	-
Investment property carried at cost	13	-	-
Investment property carried at fair value	13	-	-
Biological assets	14	-	-
Defined benefit plan asset	52	-	-
Correction of error (illustrative purposes only)			
Total assets		804 253 581	599 196 196
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	16	98 827 466	91 909 246
Consumer deposits	17	-	-
VAT payable	18	-	-
Taxes and transfers payable (non-exchange)	19	-	-
Current provisions	20	59 659 580	37 417 651
Bank overdraft	1	19 209 605	-
Current portion of unspent conditional grants and receipts	21	83 550 500	79 561 544
Current portion of borrowings	22	-	-
Current portion of finance lease liability	23	-	-
Other current financial liabilities	24	-	-
Non-current liabilities			
Non-current unspent conditional grants and receipts	21	-	-
Non-current borrowings	22	-	-
Non-current finance lease liability	23	-	-
Other non-current financial liabilities	24	-	-
Non-current provisions	25	-	-
Defined benefit plan obligations	53	-	-
Total liabilities		261 247 151	208 888 441
Net assets		543 006 430	390 307 755
NET ASSETS			
Reserves		1 682 957	1 682 957
Accumulated surplus / (deficit)		541 323 472	388 624 798
Total net assets		543 006 429	390 307 755

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE for the year ending 30 June 2012			
	Note	2012 R	2011 R
Revenue			
Property rates	26	-	-
Property rates - penalties imposed and collection charges	26	-	-
Service charges	27	-	-
Rental of facilities and equipment	28	-	6 667
Interest earned - external investments	29	14 019 201	14 305 333
Interest earned - outstanding receivables	30	-	-
Fines		-	-
Licences and permits		-	-
Government grants and subsidies	31	562 726 414	486 007 766
Public contributions and donations	32	-	-
Other income	32	4 453 009	4 211 598
Total revenue		581 198 624	504 531 364
Expenses			
Employee related costs	33	117 981 595	90 434 050
Remuneration of councillors	34	9 865 023	8 363 533
Bad debts		-	4 668 338
Fines		-	445 229
Depreciation and amortisation expense	35	6 445 888	5 406 880
Repairs and maintenance		46 100 279	18 768 315
Finance costs	36	-	-
Bulk purchases	37	6 450 152	1 884 408
Contracted services	38	25 955 560	22 631 219
Grants and subsidies paid	39	55 441 819	132 845 182
General expenses	40	160 153 688	136 256 896
Total expenses		428 394 003	421 704 049
Gain / (loss) on sale of assets	41	(105 943)	-
(Impairment loss) / Reversal of impairment loss	42	-	-
Profit / (loss) on fair value adjustment	43	-	-
Inventories: (Write-down) / reversal of write-down to net realisable value	5	-	-
Surplus / (deficit) for the period		152 698 678	82 827 315

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS

as at 30 June 2012

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2010		1 682 957	1 682 957	305 797 482	307 480 440
Changes in accounting policy	47				-
Correction of prior period error	48			-	-
Restated balance	-	1 682 957	1 682 957	305 797 482	307 480 440
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
<i>Other items</i>					-
<i>Other items</i>					-
Net gains and losses not recognised in the statement of financial performance					-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-
Surplus / (deficit) for the period				82 827 315	82 827 315
Balance at 30 June 2011	-	1 682 957	1 682 957	388 624 798	390 307 755
Correction of prior period error				-	-
Restated balance	-	1 682 957	1 682 957	388 624 798	390 307 755
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
<i>Other items</i>					-
<i>Other items</i>					-
Net gains and losses not recognised in the statement of financial performance					-
Transfers to / from accumulated surplus/(deficit)					-
Surplus / (deficit) for the period				152 698 678	152 698 678
Balance at 30 June 2012	-	1 682 957	1 682 957	541 323 476	543 006 433

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY			
CASH FLOW STATEMENT			
as at 30 June 2012			
	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		593 098 147	504 786 573
Taxation		-	-
Sales of goods and services		-	6 667
Grants		562 726 414	486 007 766
Interest received		14 019 201	14 305 335
Working Capital Movements		11 899 524	255 206
Other receipts		4 453 009	4 211 599
Payments		415 029 895	215 626 247
Employee costs		127 846 618	93 467 071
Suppliers		287 183 277	122 159 176
Interest paid			
Other payments			
Net cash flows from operating activities	44	178 068 252	289 160 326
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(291 358 082)	(150 179 325)
Proceeds from sale of fixed assets		1 072 262	
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			
Net cash flows from investing activities		(290 285 820)	(150 179 325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability			
Net cash flows from financing activities		-	-
Net increase / (decrease) in net cash and cash equivalents		(112 217 568)	138 981 001
Net cash and cash equivalents at beginning of period		202 857 157	63 876 156
Net cash and cash equivalents at end of period	45	90 639 589	202 857 157

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2012

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

1.5 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006
GRAP 18 Segment Reporting - issued March 2005
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 103 Heritage Assets - issued July 2008

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

a

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	10-40	Buildings	30
		Office equipment	5-7
		Furniture and fittings	5-10
		Emergency equipment	5
		Computer equipment	5
		Motor Vehicles	7-10
Community			
Buildings	30		
Recreational Facilities	30		
Security	30		
Halls	30		
Libraries	30		
Parks and gardens	30		
Other assets	15-30		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property	30
---------------------	----

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

6 INVENTORIES

6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the first-in, first-out method.

7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

7.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

7.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

8 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

municipality has a detailed formal plan for the restructuring identifying at least:	(a) The
business or part of a business concerned;	- the
principal locations affected;	- the
location, function, and approximate number of employees who will be compensated for terminating their services;	- the
expenditures that will be undertaken; and	- when the
plan will be implemented; and	

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12 LEASES

12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

12.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

13 REVENUE

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

15 RETIREMENT BENEFITS

Defined Contribution Plan

The municipality provides retirement benefits for its employees and councillors

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entailing them to the contributions

16 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

17 GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the GovernmentGrant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		-	
Cash at bank		109 849 194	202 857 157
Call deposits			
		<u>109 849 194</u>	<u>202 857 157</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
First National Bank : Account Number 529 100 867 95			
Cash book balance at beginning of year		23 993 118	(99 039 382)
Cash book balance at end of year		<u>(19 209 605)</u>	<u>23 993 118</u>
Bank statement balance at beginning of year		37 314 401	17 765 008
Bank statement balance at end of year		<u>8 295 077</u>	<u>37 314 401</u>
<u>PUBLIC SECTOR CHEQUE ACCOUNT</u>			
FNB Bank Limited - Mafikeng Branch: Account Number 62327929735			
Cash book balance at beginning of year		-	
Cash book balance at end of year		<u>6 806 477</u>	<u>-</u>
Bank statement balance at beginning of year		-	
Bank statement balance at end of year		<u>6 806 484</u>	<u></u>
<u>CALL INVESTMENT ACCOUNTS</u>			
Investec		-	5 719 240
Nedbank: Account no 7881001518			16 576 996
FNB 2: Account no 62046444741			29 924 330
ABSA 1: Account no 6064362745			92 252
ABSA 2: Account no 7064362660			700 550
ABSA 3: Account no 160432-2201-01		217 175	207 093
ABSA AIMS Account No.0027004		1 508 059	1 458 870
Momentum 2: Account no PP022502587		88 754 511	124 184 708
Momentum A/c PP0024505006		12 421 725	
FNB A/c 62324619975		141 246	
Cash book balance at beginning of year		<u>178 864 039</u>	<u>162 915 449</u>
Cash book balance at end of year		<u>103 042 717</u>	<u>178 864 039</u>
Bank statement balance at beginning of year		178 864 039	162 915 449
Bank statement balance at end of year		<u>103 042 717</u>	<u>178 864 039</u>
<u>Cash on hand</u>			
		<u>-</u>	<u>-</u>
Total cash and cash equivalents		<u>109 849 194</u>	<u>202 857 157</u>
Total bank overdraft		<u>19 209 605</u>	<u>-</u>

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note

2012
R

2011
R

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables
as at 30 June 2012

Gross Balances	Provision for Doubtful Debts	Net Balance
R	R	R

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Provision for doubtful debts	(5 727 996)	(5 727 996)
Rates and other taxes	-	-
Insurance Claims	283 527	-
Other debtors	-	-
Unauthorized expenditure (see Note 50.1)	-	-
Other debtors	6 022 128	6 054 727
Provision for doubtful debts	(5 727 996)	(5 727 996)
Total Other Debtors	577 660	326 731

[Notes1-10!A686](#)

3.1 Reconciliation of the doubtful debt provision

Balance at beginning of the year	(5 727 996)	(1 059 658)
Contributions to provision		(5 515 358)
Doubtful debts written off against provision	-	-
Reversal of provision	-	847 020
Balance at end of year	(5 727 996)	(5 727 996)

4 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets	-	-
------------------------------------	---	---

4 OTHER CURRENT FINANCIAL ASSETS

Other current financial assets	-	-
--------------------------------	---	---

5 INVENTORIES

Opening balance of inventories:

Consumable stores - at cost	6 184 463	4 653 453
Maintenance materials - at cost	700 555	446 613
Water	5 483 908	4 206 840
	-	-

Additions:

Consumable stores	13 169 176	3 665 095
Maintenance materials	2 142 724	735 322
Spare parts	11 026 452	2929773
Other goods held for resale		-
Water	-	-

Issued (expensed):

Consumable stores	11 467 407	2 134 086
Maintenance materials	1 543 740	481380
Spare parts	9 923 667	1652706
Other goods held for resale	-	-
Water	-	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note

2012 R	2011 R
-----------	-----------

Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):

Consumable stores
Maintenance materials
Spare parts
Other goods held for resale
Water

Closing balance of inventories:

Consumable stores
Maintenance materials
Spare parts
Other goods held for resale
Water

-	-
-	-
-	-
-	-
-	-
-	-
7 544 562	6 184 463
1 468 058	700 555
6 076 504	5 483 908
-	-
-	-
-	-

6 PREPAYMENTS

Prepaid expenses

1 476 279	1 476 279
-----------	-----------

A prepaid deposit was paid in prior year on movable assets, delivery will only take place after year-end

7 INVESTMENTS

Deposits
Call investments

-	-
-	-
-	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
------	-----------	-----------

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2011	-	2 122 481	274 744 786	16 948 137	-	40 460 507	-	334 275 911
Cost/Revaluation	-	2 122 481	274 744 786	16 948 137	-	51 063 431	-	344 878 835
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	-	-	-	-	(10 602 923)	-	(10 602 923)
Acquisitions	-	8 870 959	262 935 354	-	-	19 551 767	-	291 358 081
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	(6 445 888)	-	(6 445 888)
Carrying value of disposals	-	-	-	-	-	1 178 206	-	1 178 206
Cost/Revaluation	-	-	-	-	-	1 439 648	-	1 439 648
Accumulated depreciation and impairment losses	-	-	-	-	-	(261 442)	-	(261 442)
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Reversal of prior period error	-	-	-	-	-	-	-	-
as at 30 June 2012	-	10 993 440	537 680 141	16 948 137	-	52 388 181	-	618 009 898
Cost/Revaluation	-	10 993 440	537 680 141	16 948 137	-	69 175 550	-	634 797 267
Accumulated depreciation and impairment losses	-	-	-	-	-	(16 787 369)	-	(16 787 369)

Refer to Appendix B for more detail on property, plant and equipment

[App B!A1](#)

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2011

11.1 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2010	-	-	-	-	-	(8 072 574)	-	(8 072 574)
Cost/Revaluation	-	-	-	-	-	-	-	-
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	(8 072 574)	-	(8 072 574)
Acquisitions	-	-	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	(5 406 880)	-	(5 406 880)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2011	-	2 122 481	274 744 786	16 948 137	-	40 460 507	-	334 275 911
Cost/Revaluation	-	2 122 481	274 744 786	16 948 137	-	51 063 431	-	344 878 835
Accumulated depreciation and impairment losses	-	-	-	-	-	(10 602 923)	-	(10 602 923)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

[App B!A1](#)

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
11.2 Property, plant and equipment pledged as security			
Asset 1 Terms and conditions			
Asset 2 Terms and conditions			
11.3 Capitalised expenditure			
Asset 1 Asset 2 Asset 3			
		-	-
11.4 Compensation received for losses on property, plant and equipment – included in operating surplus			
Vehicle -HJB416NW		139 935	
Vehicle -HKM426NW		648 800	
Vehicle-FTZ649NW		135 090	
Vehicle-HKM966NW		148 437	
		1 072 262	-
11.5 Details of valuation			
		-	-
11.6 Other information			
Carrying value of idle property, plant and equipment			
Fully depreciated property, plant and equipment still in use			
Property, plant and equipment retired from active use, but not classified as held for sale			
Fair value of property, plant and equipment carried at cost		-	-

11.7 Details of property

Property X
Terms and conditions
Purchase price: date
Additions since purchase
Capitalised expenditure

-	-

Property Y
Terms and conditions
Purchase price: date
Additions since purchase
Capitalised expenditure

-	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
12 INTANGIBLE ASSETS			
12.1 Reconciliation of carrying value			
	Computer Software R	Other* R	Total R
as at 1 July 2011	-	-	-
Cost	-	-	-
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated amortisation and impairment losses	-	-	-
Acquisitions	-	-	-
Amortisation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2012	-	-	-
Cost	-	-	-
Accumulated amortisation and impairment losses	-	-	-

*Note: "Other" consists of....., none of which are considered to be individually significant or material.

12.1 Reconciliation of carrying value			
	Computer Software R	Other* R	Total R
as at 1 July 2010	-	-	-
Cost	-	-	-
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated amortisation and impairment losses	-	-	-
Acquisitions	-	-	-
Amortisation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2011	-	-	-
Cost	-	-	-
Accumulated amortisation and impairment losses	-	-	-

*Note: "Other" consists of....., none of which are considered to be individually significant or material.

12.2 Intangible assets with indefinite useful lives (disclose the following);

Carrying amount;
Reasons for supporting the assessment of the useful life as indefinite;
Description of the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
13 INVESTMENT PROPERTY CARRIED AT COST			
13.1 Reconciliation of carrying value	Investment property X R	Investment property Y R	Total R
as at 1 July 2011	-	-	-
Cost	-	-	-
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated depreciation and impairment losses	-	-	-
Acquisitions	-	-	-
Depreciation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2012	-	-	-
Cost	-	-	-
Accumulated depreciation and impairment losses	-	-	-
13.1 Reconciliation of carrying value	Investment property R	Investment property R	Total R
as at 1 July 2010	-	-	-
Cost	-	-	-
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated depreciation and impairment losses	-	-	-
Acquisitions	-	-	-
Depreciation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2011	-	-	-
Cost	-	-	-
Accumulated depreciation and impairment losses	-	-	-
13.2 Investment property pledged as security			
13.3 Fair value of investment property carried at cost:			
13.4 If the fair value can not be determined, the following should be disclosed:			
Description of the investment property;			
Explanation of why the fair value can not be determined reliably;			
If possible, the range of estimates within which the fair value is highly likely to lie.			

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
13.5 Details of property:			
Investment property			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-
Investment property			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-
13.6 Rental income from investment property			
Direct operating expenses from rental generating property			
Direct operating expenses from non-rental generating property			

13 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

	Investment property R	Investment property R	Total R
13.1 Reconciliation of fair value			
as at 1 July 2011	-	-	-
Acquisitions	-	-	-
Fair value adjustment	-	-	-
Fair value of disposals	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2012	-	-	-
13.1 Reconciliation of fair value			
as at 1 July 2010	-	-	-
Acquisitions	-	-	-
Fair value adjustment	-	-	-
Fair value of disposals	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2011	-	-	-

13.2 Investment property pledged as security

13.3 Details of property

Investment property		
Terms and conditions		
Purchase price: date		
Additions since purchase		
Capitalised expenditure		
	-	-
Investment property		
Terms and conditions		
Purchase price: date		
Additions since purchase		
Capitalised expenditure		

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
	-	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
13.3 Rental income from investment property			
Direct operating expenses from rental generating property			
Direct operating expenses from non-rental generating property			
13.4 Details of valuation			
<p>The effective date of the revaluations was x. Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the entity and have recent experience in location and category of the investment property being valued.</p> <p>The valuation was based on open market value for existing use.</p> <p>For investment property, totalling R - (2007: R -), where there was a lack of comparable market data, the valuation was based on discounted cash flows. The following assumptions were used:</p> <p>Discount rate</p> <p>Other</p> <p>Other</p> <p>These assumptions are based on current market conditions.</p>			
13.5 Amounts recognised in surplus or deficit for the year.			

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

14 BIOLOGICAL ASSETS

14.1 Reconciliation of Carrying Value	Trees in plantation R	Maize R	Wheat R	Sheep R	Pigs R	Dairy Cattle R	Other Assets R
as at 1 July 2011	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-
Correction of error (note 48)							
Change in accounting policy (note 47)							
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-
Decrease due to harvest/sales	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Gains/losses from changes in fair value	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-
as at 30 June 2012	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-

* Other movements consist of.....

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2011

14.1 Reconciliation of Carrying Value	Trees in plantation R	Maize R	Wheat R	Sheep R	Pigs R	Dairy Cattle R	Other Assets R
as at 1 July 2010	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-
Correction of error (note 48)							
Change in accounting policy (note 47)							
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-
Decrease due to harvest/sales	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Gains/losses from changes in fair value	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-
as at 30 June 2011	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-

* Other movements consist of.....

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
14.2 Non-financial information			
Quantities of each biological asset			
Trees in plantation			
Maize			
Wheat			
Sheep			
Pigs			
Dairy Cattle			
Other Assets			
14.3 Biological assets pledged as security			
Asset 1			
Terms and conditions			
Asset 2			
Terms and conditions			
14.4 Assets carried at cost and accumulated depreciation and impairment losses			
<i>Describe the biological carried at cost less accumulated depreciation and impairment losses.</i>			
<i>Explain why fair value cannot be determined.</i>			
<i>Disclose potential range of fair values of assets carried at cost.</i>			
14.5 Methods and assumptions used in determining the fair value			
Fair value less estimated point-of-sale costs of agricultural produce harvested			
14.6 during the period, determined at the point of harvest			

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
15 NON-CURRENT ASSETS HELD FOR SALE		
Property, plant and equipment	-	-
Investment property	-	-
Other assets	-	-
	<u>-</u>	<u>-</u>

State details on non-current assets held for sale including description of the assets and the facts and circumstances that resulted in it being classified as such.

16 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	37 845 124	66 990 734
Payments received in advance	410 614	-
Retentions	37 164 013	21 926 403
Staff leave accrual	9 272 427	2 992 109
Accrued interest	-	-
Other creditors	14 135 289	-
Total creditors	<u>98 827 466</u>	<u>91 909 246</u>

The fair value of trade and other payables approximates their carrying amounts.

17 CONSUMER DEPOSITS

Electricity and Water	-	-
Accrued interest	-	-
Total consumer deposits	<u>-</u>	<u>-</u>

Included in deposits is an accrual of interest at an effective interest rate of x% per annum (20X0 x%) which is paid to consumers when deposits are refunded.

Guarantees held in lieu of Electricity and Water Deposits

18 VAT PAYABLE

VAT payable	<u>-</u>	<u>-</u>
-------------	----------	----------

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

18 VAT RECEIVABLE

VAT receivable	66 795 988	54 075 656
	<u>66 795 988</u>	<u>54 075 656</u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

19 TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)

Taxes and transfers payable	<u>-</u>	<u>-</u>
-----------------------------	----------	----------

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
20 PROVISIONS		
Performance bonus	-	2 200 578
Current portion of long-service provision (see note 25)	-	-
Provision for leave	-	-
Botshelo Water Provision	59 659 580	35 217 073
Total Provisions	59 659 580	37 417 651

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P.8-point plan. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly and against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of Council.

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.No performance agreements were signed for the year under review therefore nil provision for performance bonus

[Notes15-61!!A1](#)

The movement in current provisions are reconciled as follows: -

as at 1 July 2011
Contributions to provision
Expenditure incurred
as at 30 June 2012

Performance Bonus	Provision for leave
2 200 578	-
(2 200 578)	-
-	-
-	-

as at 1 July 2010
Contributions to provision
Expenditure incurred
as at 30 June 2011

2 200 578	-
-	-
-	-
2 200 578	-

as at 1 July 2011
Transfer from non-current
Contributions to provision
Expenditure incurred
as at 30 June 2012

Current portion Long-service	Botshelo Water
-	35 217 073
-	-
-	24 442 507
-	-
-	59 659 580

as at 1 July 2010
Transfer from non-current
Contributions to provision
Expenditure incurred
as at 30 June 2011

-	-
-	-
-	35 217 073
-	-
-	35 217 073

21 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

21.1 Unspent Conditional Grants from other spheres of Government
MIG Grants

37 184 140	38 183 140
------------	------------

21.2 Other Unspent Conditional Grants and Receipts

Popo Molefe Hall
Municipal Systems Improvement Grant (IDP)
Water Services Operating Grant(DWAF)
SETA
Disaster Management Grant
IDT-Call Centre
DPLG/DBSA
Bucket Eradication/DPLG
Rural Transport

46 366 359	41 378 404
2 254 897	2 254 897
394 582	689 582
875 900	875 900
(2)	476 731
5 235 449	154 998
12 210 526	12 210 526
23 300 232	23 300 232
1 415 538	1 415 538
679 237	

Total Unspent Conditional Grants and Receipts

83 550 500	79 561 544
-------------------	-------------------

Non-current unspent conditional grants and receipts
Current portion of unspent conditional grants and receipts

-	-
83 550 500	79 561 544

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.		
Notes15-61!A291		

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
------	-----------	-----------

22 BORROWINGS

The Municipality entered into a bridging finance arrangement with the Development Bank of South Africa Limited in respect of the funding of North West Water and Sanitation Programme Phase 3.A summary of the terms of the loan is as follows:

1. Loan Amount	R152 700 000
2. Loan Period	Capital:-2 years or before 30 June 2012 (whichever occurs first)
3. Interest Rate	Base 2 year swap rate plus 1.30%

In terms of the loan agreement the Municipality will draw down on the based on disbursement requests submitted to DBSA. At 30 June 2012 disbursement requests amounting to R19,955,826 had been made to DBSA but payment thereof was still outstanding. The drawn down amount as at 30 June is NIL

23 FINANCE LEASE LIABILITY

2012

Amounts payable under finance leases

Within one year
Within two to five years

Less: Amount due for settlement within 12 months (current portion)

Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
-	-	-
-	-	-
-	-	-

2011

Amounts payable under finance leases

Within one year
Within two to five years

Less: Amount due for settlement within 12 months (current portion)

Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
-	-	-
-	-	-
-	-	-

24 OTHER FINANCIAL LIABILITIES

24.1 OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities

-	-
---	---

24.2 OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities

-	-
---	---

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
25 NON-CURRENT PROVISIONS			
Provision for rehabilitation of landfill sites		-	-
Provision for long-service awards		-	-
Total Non-Current Provisions		-	-
26 PROPERTY RATES			
<u>Actual</u>			
Residential		-	-
Commercial		-	-
Light Industries		-	-
Heavy Industries		-	-
State		-	-
Total property rates		-	-
Property rates - penalties imposed and collection charges		-	-
Total		-	-
<u>Valuations</u>			
Residential			
Commercial			
State			
Municipal			
Total Property Valuations		-	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
27 SERVICE CHARGES			
Sale of electricity		-	-
Sale of water		-	-
Refuse removal		-	-
Sewerage and sanitation charges		-	-
Total Service Charges		-	-
28 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		-	-
Rental of equipment		-	6 667
Other rentals		-	-
Total rentals		-	6 667
29 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		14 019 201	14 305 333
Total interest		14 019 201	14 305 333
30 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Total interest		-	-
31 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		357 615 000	315 957 727
MIG Grant		167 463 000	114 626 565
Other Government Grants and Subsidies		37 648 414	55 423 474
Total Government Grant and Subsidies		562 726 414	486 007 766
31.1 Equitable Share			
<i>This grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.</i>		357 615 000	315 957 727
31.2 MIG Grant			
Balance unspent at beginning of year		38 183 140	13 571 705
Current year receipts		167 463 000	139 238 000
Unspent Set Off against equitable shares		(999 000)	
Conditions met - transferred to revenue		(167 463 000)	(114 626 565)
Conditions still to be met - remain liabilities (see note 21)	Notes15-61!A124	37 184 140	38 183 140
<i>This grant is utilised to fund capital projects in the community</i>			
31.3 Popo Molefe Hall			
Balance unspent at beginning of year		2 254 897	2 254 897
Current year receipts			
Conditions met - transferred to revenue			
Conditions still to be met - remain liabilities (see note 10)		2 254 897	2 254 897
31.4 Finance Management Grant			
Balance unspent at beginning of year		-	-
Current year receipts		1 250 000	1 000 000
Conditions met - transferred to revenue		(1 250 000)	(1 000 000)
Conditions still to be met - remain liabilities (see note 10)		-	-
31.5 Municipal Systems Improv. Grant (IDP)			
Balance unspent at beginning of year		689 582	689 582
Current year receipts		1 000 000	1 000 000
Unspent Set Off against equitable shares		(295 000)	
Conditions met - transferred to revenue		(1 000 000)	(1 000 000)
Conditions still to be met - remain liabilities (see note 10)		394 582	689 582
<i>This grant is utilised to fund the internship costs</i>			
31.6 Water (DWAF)			
Balance unspent at beginning of year		875 900	-
Current year receipts		17 530 000	30 939 000
Conditions met - transferred to revenue		(17 530 000)	(30 063 100)
Conditions still to be met - remain liabilities (see note 10)		875 900	875 900
31.7 SETA			
Balance unspent at beginning of year		476 732	397 316
Current year receipts		351 641	79 416

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
Conditions met - transferred to revenue	(828 373)	-
Conditions still to be met - remain liabilities (see note 10)	-	476 732
<i>This fund is utilised to fund skills development costs</i>		
 31.8 Disaster Management Grant		
<i>Balance unspent at beginning of year</i>	154 998	154 998
<i>Current year receipts</i>	5 600 000	-
Conditions met - transferred to revenue	(519 549)	-
Conditions still to be met - remain liabilities (see note 10)	5 235 449	154 998
 31.9 IDT-Call Centre	12 210 526	
Balance unspent at beginning of year		28 000 000
<i>Current year receipts</i>		(15 789 474)
Conditions met - transferred to revenue	12 210 526	12 210 526
Conditions still to be met - remain liabilities (see note 10)		
<i>This grant is utilised to develop groundwater resources</i>		
 31.10 DPLG/DBSA		
Balance unspent at beginning of year	23 300 232	1 817 043
<i>Current year receipts</i>	-	21 483 189
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 10)	23 300 232	23 300 232
 31.11 Bucket Eradication/DPLG		
<i>Balance unspent at beginning of year</i>	1 415 538	1 415 538
<i>Current year receipts</i>	12 000 000	-
Conditions met - transferred to revenue	(12 000 000)	-
Conditions still to be met - remain liabilities (see note 10)	1 415 538	1 415 538
 31.12 Rural Transport		
<i>Balance unspent at beginning of year</i>	-	-
<i>Current year receipts</i>	1 688 000	-
Conditions met - transferred to revenue	(1 008 763)	-
Conditions still to be met - remain liabilities (see note 10)	679 237	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
<i>This grant is utilised to fund capital and operational water expense projects</i>			
31.12 DWAF-ACIP			
Balance unspent at beginning of year		-	-
Current year receipts		3 506 098	-
Conditions met - transferred to revenue		(3 506 098)	-
Conditions still to be met - remain liabilities (see note 10)		<u>-</u>	<u>-</u>

This grant is utilised to fund capital and operational water expense projects

31.2 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act No.6 of 2011), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
32 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
32.1 Other income			
Other income		4 453 009	4 211 598
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 50)	Notes15-61!A684	-	-
Total Other Income		4 453 009	4 211 598
32.1 Public contributions and donations			
Public contributions - Conditional		-	-
Public contributions - Unconditional		-	-
Donations		-	-
Total public contributions and donations		-	-
Reconciliation of conditional contributions			
Balance unspent at beginning of year			
Current year receipts			
Conditions met - transferred to revenue			
Conditions still to be met - remain liabilities (see note 21)	Notes15-61!A124	-	-

Provide explanations of conditions still to be met and other relevant information

33 EMPLOYEE RELATED COSTS	117 981 595	92 842 519
Employee related costs - Salaries and Wages	71 529 388	54 853 076
Employee related costs - Contributions for UIF, pensions and medical aids	18 658 933	14 816 761
Travel, motor car, accommodation, subsistence and other allowances	2 854 951	2 686 244
Housing benefits and allowances	174 429	170 323
Overtime payments	3 766 119	5 461 977
Performance and other bonuses	2 146 897	3 975 019
Long-service awards	-	-
Other employee related costs	18 850 877	8 470 648
Employee Related Costs	117 981 595	90 434 050

There were no advances to employees / Loans to employees are set out in note 3.

Remuneration of the Municipal Manager			
Annual Remuneration	767 478		382 898
Acting Allowance	262 602		
Travel, motor car, accommodation, subsistence and other allowances	464 214		197 695
Contributions to UIF, Medical and Pension Funds	221 298		47 168
Total	1 715 592		627 761
Remuneration of the Chief Finance Officer			
Annual Remuneration	469 643		427 633
Acting Allowance	195 965		
Travel, motor car, accommodation, subsistence and other allowances	23 193		234 617
Contributions to UIF, Medical and Pension Funds	148 335		45 565
Total	837 136		707 815

	Snr Manager Corporate Resource Support Services R	Snr Manager Business Process Support R	Snr Manager Technical Services R
Remuneration of Individual Executive Directors			
2012			
Annual Remuneration	503 938	1 137 398	429 689
Acting Allowance	-		-
Travel, motor car, accommodation, subsistence and other allowances	139 719	26 143	157 636
Contributions to UIF, Medical and Pension Funds	148 381	2995	123 099
Total	792 038	1 166 536	710 424

	Audit Executive R	Snr Manager Growth and Economic Development R	Senior Manager Executive Mayor R
Remuneration of Individual Executive Directors			
2012			
Annual Remuneration	387 124	260 000	424 679
Acting Allowance			
Travel, motor car, accommodation, subsistence and other allowances	97 500	28 784	195 650
Contributions to UIF, Medical and Pension Funds	76 473	77 698	133 896
Total	561 097	366 482	754 225

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Remuneration of Individual Executive Directors			
		Snr Manager Public Safety and Municipal Services	
		Snr Manager PMU	
		R	R
2012			
Annual Remuneration	602 824	567 117	-
Acting Allowance	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	51 715	155 023	-
Contributions to UIF, Medical and Pension Funds	47 693	168878	-
Total	702 232	891 018	-

Remuneration of Individual Executive Directors	Snr Manager Corporate Resource Support Services	Snr Manager Business Process Support	Snr Manager Technical Services
	R	R	R
2011			
Annual Remuneration	473 089	707 406	444 813
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	208 794	314 596	172 221
Contributions to UIF, Medical and Pension Funds	50 438	1 497	35 615
Total	732 321	1 023 499	652 649

Remuneration of Individual Executive Directors			
		Acting Snr Manager PMU	Senior Manager Executive Mayor
		Audit Executive	
		R	R
2011			
Annual Remuneration	404 576	487 409	163 411
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	201 728	192 543	79 940
Contributions to UIF, Medical and Pension Funds	40 060	44 647	374
Total	646 364	724 600	243 725

Remuneration of Individual Executive Directors			
		Snr Manager Public Safety and Municipal Services	
		R	R
2011			
Annual Remuneration	573 957	-	-
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	256 137	-	-
Contributions to UIF, Medical and Pension Funds	61 377	-	-
Total	891 471	-	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
34 REMUNERATION OF COUNCILLORS			
Executive Mayor		811 470	558 823
Deputy Executive Mayor		-	
Speaker		652 466	379 088
Executive Committee Members		4 652 700	3 375 364
Councillors		1 898 215	2 261 337
Councillors' pension and medical aid contributions		365 648	650 668
Councillors' allowances		1 484 524	1 138 253
Total Councillors' Remuneration		9 865 023	8 363 533
In-kind Benefits			
The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.			
The Executive Mayor has use of the Council owned vehicle for official duties.			
35 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		6 445 888	5 406 880
Intangible assets		-	-
Investment property carried at cost		-	-
Biological assets carried at cost		-	-
Total Depreciation and Amortisation		6 445 888	5 406 880
36 FINANCE COSTS			
Borrowings		-	-
Consumer deposits		-	-
Bank overdrafts		-	-
Total Finance Costs		-	-
37 BULK PURCHASES			
Electricity		-	-
Water		6 450 152	1 884 408
Total Bulk Purchases		6 450 152	1 884 408
38 CONTRACTED SERVICES			
Contracted services for:			
Asset Management		430 500	444 175
Drinking Water Quality Manag			205 224
Internet & Satelite Services		502 507	240 301
Laundry Service			-
Master Plan - Roads			6 832 261
Master Plan Development - St			3 305 976
Master Plan - Disaster		427 577	-
Master Plan Development - Se			223 632
Security Services		3 970 081	2 553 754
Waste Water Treatment Works		19 753 681	8 825 896
Water services development plan review		1 216 485	
		25 955 560	22 631 219
39 GRANTS AND SUBSIDIES PAID			
Grants to local Municipalities		11 495 714	38 025 845
Botshelo Water - Operating S		38 762 877	69 088 356
Municipal Health & Fire Serv		5 183 228	25 730 981
		55 441 819	132 845 182

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
40 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		1 678 282	1 345 287
Accomodation		1 882 777	1 513 281
Audit fees		2 913 261	2 854 087
Bank charges		789 694	1 380 419
Bursaries		1 819 864	493 165
Quick wins		-	20 177 446
Cadastral Surveys		-	426 426
Computer Software And Progra		1 178 861	191 816
Consulting fees		11 574 870	3 997 607
Cutlery		19 618	15 284
Conferences & Seminars		569 423	2 126 559
Detergents		-	-
Disaster Management Assistan		-	2 165 912
Financial management grant		-	-
Fuel and oil		4 097 121	2 343 884
Insurance		988 385	866 355
Legal expenses		10 770 079	5 909 844
Drought Relief Tankering		31 534 731	32 968 732
Protective Clothing		2 150 196	584 151
IDP Review		5 034 300	987 858
Membership fees		1 026 856	633 432
Electricity		750 477	448 167
Performance Management Syste		-	600 000
Printing and stationery		788 166	961 231
Public Participation Program		2 381 191	1 000 931
Rental of buildings		358 280	521 747
Rental of office equipment		-	-
Licencing Vehicles		156 953	179 570
Other rentals		-	-
Operating Water Grant		-	2 534 370
Led Support Fund		6 618 242	3 217 664
Skills development levies		36 095	389 602
Sports Arts and Culture		357 996	190 207
Special Projects		2 709 574	3 007 929
Telephone cost		3 615 225	3 036 652
Training		1 998 348	1 052 516
Refreshments		540 077	933 460
Travel and subsistence		-	-
Skills Development Levy		-	-
Water Services (Fbw)		-	16 133 690
Rates And Taxes		684 128	271 359
Other		61 130 618	20 796 257
		160 153 688	136 256 896
41 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		(105 943)	-
Intangible assets		-	-
Investment property		-	-
Biological assets		-	-
Other financial assets		-	-
Total Gain / (Loss) on Sale of Assets		(105 943)	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
------	-----------	-----------

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
43 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT		
Investment property carried at fair value	-	-
Biological assets carried at fair value	-	-
Other financial assets	-	-
Other financial liabilities	-	-
Total Profit / (Loss) on Fair Value Adjustment	-	-
44 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	152 698 678	82 827 315
Adjustment for:-		
Depreciation and amortisation	6 445 888	5 406 880
(Gain) / loss on sale of assets	105 943	-
Contribution to provisions - non-current		
Contribution to provisions - current	22 241 929	2 336 468
Finance costs	-	-
Fair value adjustments	-	-
Impairment loss / (reversal of impairment loss)	-	-
Other non-cash item		
Operating surplus before working capital changes:	181 492 438	90 570 663
(Increase)/decrease in inventories	(1 360 100)	(1 531 009)
(Increase)/decrease in trade receivables		
(Increase)/decrease in other receivables	(250 929)	1 737 370
(Increase)/decrease in VAT receivable	(12 720 333)	(10 671 152)
Increase/(decrease) in conditional grants and receipts	3 988 955	59 260 465
Increase/(decrease) in trade payables	6 918 220	71 623 052
Increase/(decrease) in consumer deposits		42 953 862
Increase/(decrease) in VAT prepayments		35 217 073
Other asset		
Other liability		
Cash generated by/(utilised in) operations	178 068 252	289 160 325
45 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	109 849 194	178 864 039
Short term investments	-	-
Bank overdrafts	(19 209 605)	23 993 118
Net cash and cash equivalents (net of bank overdrafts)	90 639 589	202 857 157

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
------	-----------	-----------

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R				
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE							
50 DISALLOWED							
50.1 Unauthorised expenditure							
Reconciliation of unauthorised expenditure							
Opening balance		77 587 883	580 969				
Unauthorised expenditure current year		68 058 226	77 006 914				
Approved by Council or condoned							
Transfer to receivables for recovery							
Unauthorised expenditure awaiting authorisation		145 646 109	77 587 883				
<table><tr><td>Incident</td><td>Disciplinary steps/criminal proceedings</td></tr><tr><td>Unbudgeted expenditure</td><td>Disciplinary hearing held on xxx</td></tr></table>				Incident	Disciplinary steps/criminal proceedings	Unbudgeted expenditure	Disciplinary hearing held on xxx
Incident	Disciplinary steps/criminal proceedings						
Unbudgeted expenditure	Disciplinary hearing held on xxx						
50.2 Irregular, Fruitless and wasteful expenditure							
Reconciliation of fruitless and wasteful expenditure							
Opening balance -		124 237 329	16 405 184				
Fruitless and wasteful expenditure current year		49 007	423 027				
Condoned or written off by Council							
Irregular expenditure-transactions where SCM not adhered to		59 088 957	107 409 118				
To be recovered – contingent asset (see note 55)	Notes15-61!A883						
Fruitless and wasteful expenditure awaiting condonement		183 375 293	124 237 329				
<table><tr><td>Incident</td><td>Disciplinary steps/criminal proceedings</td></tr><tr><td>VAT penalty</td><td>Disciplinary hearing on xxx</td></tr></table>				Incident	Disciplinary steps/criminal proceedings	VAT penalty	Disciplinary hearing on xxx
Incident	Disciplinary steps/criminal proceedings						
VAT penalty	Disciplinary hearing on xxx						

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
51 MANAGEMENT ACT			
51.1 Contributions to organised local government			
Opening balance			
Council subscriptions		1 000 000	
Amount paid - current		(1 000 000)	
Amount paid - previous years			
Balance unpaid (included in payables)		-	-
51.2 Audit fees			
Opening balance			
Current year audit fee		2 913 261	2 644 074
Amount paid - current year		(1 185 003)	(2 644 074)
Amount paid - previous years			
Balance unpaid (included in payables)		1 728 258	-
51.3 VAT			
VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.			
51.4 PAYE and UIF			
Opening balance			
Current year payroll deductions		18 791 112	14 072 813
Amount paid - current year		(16 791 316)	(14 072 813)
Amount paid - previous years			
Balance unpaid (included in payables)		1 999 796	-
The balance represents PAYE and UIF deducted from the June 2012 payroll. These amounts were paid during July 2012			
51.5 Pension and Medical Aid Deductions			
Opening balance			
Current year payroll deductions and Council Contributions		28 184 146	15 273 740
Amount paid - current year		(25 397 029)	(15 273 740)
Amount paid - previous years			
Balance unpaid (included in payables)		2 787 117	-
The balance represents pension and medical aid contributions deducted from employees in the June 2012 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2012.			

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
51.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act		
No non-compliance with Chapter 11 of the MFMA		
52 CAPITAL COMMITMENTS		
52.1 Commitments in respect of capital expenditure		
- Approved and contracted for	218 206 319	117 816 703
Infrastructure	218 206 319	117 816 703
Community		
Heritage		
Other		
- Approved but not yet contracted for	51 799 272	24 823 982
Infrastructure	51 799 272	24 823 982
Community		
Heritage		
Other		
Total	270 005 592	142 640 685
This expenditure will be financed from:		
- External Loans	32 110 576	
- Government Grants	154 144 719	86 190 324
- Own resources	88 302 802	56 450 360
- District Council Grants		
	274 558 097	142 640 684

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
53 RETIREMENT BENEFIT INFORMATION			
54 CONTINGENT LIABILITY			
54.1 Claim for damages			
54.1 Mvula Trust Vs the Municipality			
		1 900 000	1 900 000
<p>Mvula Trust instituted a claim against the Municipality amounting to R821702,40 during July 2008 in respect of services they alleged to have rendered for Phase 2 of the School Sanitation Project. Subsequent to that the Municipality filed a counter claim in the amount of R1 500 000,00 in that the services were in fact not rendered by the plaintiff. During March 2012 Mvula Trust withdrew their claim against the municipality and offered the municipality an amount of R50 000,00 in full and final settlement of its claim. The municipality has since refused to accept the settlement offer and decided to pursue the matter further.</p>			
54.2 Monarch Security Vs the Municipality			
		4 451 001	4 451 001
<p>The applicant was appointed to provide security service to the Municipality. The applicant's services were terminated on the 3 February 2009. Monarch Security instituted claims against the Municipality amounting to R4,451.007.96 for breach of contract which they anticipated to end in December 2010. The matter is still pending.</p>			
54.3 J Y GUTTA Vs the Municipality			
		2 235 379.00	2 235 379.00
<p>The Ngaka Modiri Molema District Municipality has been cited as the second respondent in the matter between JY Gutta and Mafikeng Local Municipality. The plaintiff claim is for damages caused by fire to his house during the cleaning campaign alleged to have been organised by the Mafikeng Local Municipality. The plaintiff's claim is in the amount of R2 235 379,00. The municipality appointed attorneys to defend the matter.</p>			
54.4 Portia Semenya Vs the Municipality			
		5 000 000.00	5 000 000.00
<p>Plaintiff has instituted proceedings against the municipality for defamation in the amount of R5 000 000.00. The municipality has appointed attorneys to defend the matter. The matter is currently on the pleading stage.</p>			
54.5 Gwabeni Vs the Municipality			
		2 021 184.10	-
<p>Themba Gwabeni the former Executive Mayor of the Ngaka Modiri Molema District Municipality instituted legal proceedings against the municipality for payment of his legal fees incurred during his criminal trial. Charges against him were provisionally withdrawn by the Court in order to allow further investigation to take its course. The municipality has appointed attorneys to defend the matter.</p>			
54.6 Mapitsi Civil Works Vs the Municipality			
		583 722.69	-
<p>Mapitsi Civil Works was contracted to erect VIP toilets at Bodibe Village. There was a dispute with regards to payments for work done, but the municipality insists to have honoured the payments for the work done. The Municipality alleges Mapitsi Civil Works further demanded payments for work not done including payments for a retention fees even though the project remains incomplete. The Municipality is in negotiations with the plaintiff's attorneys and is considering a counter claim against the contractor.</p>			
54.7 Iwyze Valuables Insurance (obo Keebine)			
		125 038.73	-
<p>Iwyze Valuables Insurance acting on behalf of O Keebine are demanding payment R125 038.73 for damages caused by alleged municipality's striking workers to O Keebine's motor vehicle during or about the 3rd December 2011. The matter is still under investigation.</p>			
54.8 M. Santo Vs the Municipality			
		5 731.76	-
<p>The claimant issued a letter of demand against the municipality for damages amounting to R5 731.76 caused on his motor vehicle by an exposed manhole on 1st Street Industrial Site Mafikeng. The claim is under investigation.</p>			
54.9 Balemi Civils Vs Municipality			
		2 867 984.84	-
<p>Ngaka Modiri Molema District Municipality has been cited as the second responded in the matter between Ditsobotla Local Municipality and Balemi Civils for a breach of contract in the construction of roads in Boikhutso Ext 2. The municipality has appointed attorneys to defend the matter.</p>			
54.10 Microzone CC vs the Municipality			
		871 850.00	-
<p>The municipality terminated the contract between it and microzone on the recommendation of the consulting engineers for failure to carry out its duties in terms of the General Conditions of Contract for Works of civil Engineering Construction 1990 Clause 58.1. On termination of the contract, the Consulting Engineers Termination Account reflects an amount of R1 583 401.76 which is owed to the municipality Microzone for damages. The municipality has appointed attorneys to deal with the matter.</p>			
54.11 Swathi Civils Vs the Municipality			
		1 263 657.42	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
The plaintiff has issued summons against the municipality for non payment of work done in the Dinokana Ward 11 Roads and Storm Water Project. The total payment claimed is R1 263 657.30 and the municipality has appointed attorneys to defend the matter.		
54.12 Paul Rabotapi Vs the Municipality	15 553.89	-
The claimant issued a letter of demand against the municipality for damages amounting to R15 553.89 caused on his motor vehicle as a result of a pothole on 1st Street Industrial Site Mafikeng. The claim is under investigation.		
54.13 JYG Construction PTY (LTD) &Khethayo Construction Vs the Municipality	3 542 447.85	-
JYG Construction Pty (Ltd) & Khethwayo JV issued letter of demand against the municipality for non payment of work done at the Itsoseng Bulk Water Supply project. The claimed amount is R3 542 447.85 and the municipality is in negotiations with contractor to resolve the impasse.		
54.14 Virtual Consulting Engineers Vs the Municipality	2 772 159.21	-
The dispute emanates from the termination of contract between Virtual Consulting Engineers and the municipality with regards to Operation and Maintenance of Waste Water Treatment Plants within Tswaing and Ditsobotla Local Municipalities. The municipality terminated the contract as a consequence of resolution (Resolution 94/2001) on the 8th December 2011 after having considered changing service delivery model for the operation and maintenance of Waste Water Treatment Works in specific areas to adopt an alternative cost effective internal mechanism. Plaintiff is demanding payment of R2 772 159.21 for work completed to date of termination of agreement.		
54.2 Botshelo Water Claim	39 915 524.00	-
Botshelo Water submitted a claim for R 39, 915,524 in respect of bulk water supply to Distobotla Local Municipality, Ngaka Modiri Molema (Eastern) and Motswedi areas. The Municipality is disputing the claim on the basis that for that Botshelo Water is supposed to recover the amount directly from the consumers and not the Water Authority.		
55 CONTINGENT ASSET		
Notes15-61\A707		
56 IN-KIND DONATIONS AND ASSISTANCE		
57 RELATED PARTIES		
Members of key management		
Municipal Manager	Mr M Mojaki	<i>Appointed 01 October 2012</i>
Chief Financial Officer	Mr MW Molokele	<i>Appointed 01 December 2011</i>
Senior Manager : Business Process Support	Mr. S Williams	<i>Appointed 01 December 2011</i>
Senior Manager Corporate Resource Support	Mr L Mahole	<i>Appointed 01 March 2012</i>
Senior Manager: Technical Services	Mr P Nthutang	<i>Appointed 01 December 2011</i>
Acting Senior Manager: PMU	Mr S.B Sehole	<i>Appointed 07 August 2012</i>
Senior Manager: Mayor's office	Mr Ramoabi	<i>Appointed 01 October 2012</i>
Audit Executive	Mrs D.I Mongwaketsi	<i>Appointed 01 February 2012</i>
Senior Manager: Growth and Economic Development	Mr. T Mbekeni	<i>Appointed 01 March 2012</i>
Executive Manager:Corporate Services	Mr C Malefo	<i>Terminated 31 October 2011</i>
Senior Manager:PMU	Mr C Maliambe	<i>Terminated 31 August 2011</i>
Senior Manager: Community Services	Ms K S Mbali	<i>Terminated 31 March 2012</i>
Other related party relationships		
Compensation to councillors and other key management (refer to note 33 & 34)		

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Related party balances			
Loan accounts - Owing (to) by related parties			
Related party transactions			
Interest paid to (received from) related parties			

58 EVENTS AFTER THE REPORTING DATE

Non-adjusting events

1. The following contracts were entered into after reporting date but before annual financial statements were authorised for

Mafikeng Truck Tyre and Alignment Centre -performance based contract	-
K.C Chemicals performance based contract	-
Enonce Forensic Audit	861 000
Harley Wheel and Tyre Conti Partners-performance based	
	<u>861 000</u>

2. Appointment of Members of Key Management

The following appointments were made after 30 June 2012

Senior Manager: District and Public Health and Safety Services	Mr.M A Matswamere	<i>Appointed 07 August 2012</i>
Senior Manager: PMU	Mr S.B Sehole	<i>Appointed 07 August 2012</i>

3. Botshelo Water Claim

The municipality paid an amount of R10m to provide temporary relief to Botshelo Water whilst awaiting finalisation of ongoing engagements relating to the clai

59 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

The useful lives and residual values of property, plant, and equipment

In accordance with GRAP 17.61 the municipality implemented an accounting policy to ensure that the residual value and the useful life of assets are reviewed at least at each reporting date

The carrying value of assets at year end, subject to the annual review is R 618 009 898

Provision for doubtful debts

Management has an accounting policy in place to provide for the bad debts.
The policy requires individual assessment of long outstanding debtors

The carrying value of the provision for bad debt 2012: R 5 727 996

60 RISK MANAGEMENT

60.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.
The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The municipality does not render any services to the community and therefore the credit risk exposure is assessed as low.

Other receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.
Financial assets exposed to credit risk at year end were as follows:

Current Accounts and Call Accounts	90 639 588	202 857 157
Trade and other receivables	577 660	326 731

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
------	-----------	-----------

60.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

60.3 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits
- Development Bank of South Africa loan

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
61 RESTATEMENT OF COMPARATIVE INFORMATION			
<p>The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the full compliance of GRAP Standards. Details of which are as follows:</p>			
Cash and cash equivalents and Other recievables			
Interest on the investment account amounting to R255 206 was debited to other recievables in prior year instead of the call investments account			
Property Plant and Equipment			
<p>During the year the municipality recognised the acquisition of generators acquired in 2008/2009 financial year. Depreciation is effective the acquisition date. The cost and accumulated depreciation of Property, Plant and Equipment was restated and reclassified to align Audited Financial Statements to Fixed Asset Register. The comparative statements for the 2012 year have been restated recognise the generators cost and accumulated depreciation .</p>			
Other payables and Provisions			
<p>During the year a claim was recieved from Botshelo Water amounting to R6,733,810.38 for unpaid invoices relating to bulk water supply for Ngaka Modiri Molema Eastern. Part of the Botshelo Water claim amounting to 1,884,408.10 relates to prior year invoices whilst the balance of R4,849,402 relates to the year under review. The prior year amount was not accrued for in 2010/11</p>			
<p>A further claim was recieved from Botshelo Water amounting to R59,659,580 for unpaid invoices relating to operations and maintance subsidy .The Municipality is disputing the claim. Part of the operations and maintanance subsidy claim amounting to R35, 217, 073 relates to prior year invoices . A full provision has been made for the Botshelo Water Claim</p>			
Irregular Expenditure			
<p>The Municipality investigated all amounts that had been raised as irregular expenditure on the basis that appointment letters were not submitted for audit .A review of irregular expenditure was conducted subsequent to the audit and appointment letters for expenditure amounting to R41,845,125.34 which could not be located at the time of the audit are now in file.</p>			
The effects of the changes are detailed below:			
Property Plant and Equipment			
Balance previously reported			333 814 711
Other assets Cost adjustment			743 000
Accumulated depreciation 2008/2009 and 2009/2010			-165 903
Depreciation 2010/2011-recognised assets			-123 832
Depreciation 2010/2011-alignment of fixed asset register to Audited financial statements			2 557
Other assets cost 2010/2011-alignment of fixed asset register to Audited financial statements			5 378
Restated balance			334 275 911
Accumulated Surplus			
Balance previoulsy reported			425 161 064
Accumulated depreciation 2008/2009 and 2009/2010			(165 903)
Provision Botshelo Water			(35 217 073)
Botshelo Water Accrual			(1 884 408)
Provision for Bad Debts adjustment 2010/2011			847 020
Other cost adjustment : Fixed asset register 2010/2011			5 378
Depreciation adjustment : Other assets 2010/2011			2 557
Depreciation other assets adjustment:2010/2011			(123 833)
			388 624 801
Cash and cash equivalents			
Balance previoulsy reported			202 601 952
Reclassified to investments			255 206
Restated balance			202 857 158
Other recievables			
Balance previoulsy reported			581 937
Other assets Cost adjustment			(847 020)
Provision for Bad Debts adjustment 2010/2011			847 020
Reclassified to investments			(255 206)
Restated balance			326 731
Current provisions			
Balance previoulsy reported			2 200 578
Botshelo Water Provision			35 217 073
Restated balance			37 417 651
Irregular Expenditure			
Prior year irregular expenditure previously reported			149 254 243.00
Adjustment- appointment letters now in file			-41 845 125.34
Irregular expenditure-2010/11			107 409 117.66

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
------	-----------	-----------

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	2 122 481	8 870 959	-	-	10 993 440	-	-	-	-	-	-	-	10 993 440
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Under construction	274 744 786	262 935 354	-	-	537 680 141	-	-	-	-	-	-	-	537 680 141
	274 744 786	262 935 354	-	-	537 680 141	-	-	-	-	-	-	-	537 680 141
Community Assets													
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	16 948 137	-	-	-	16 948 137	-	-	-	-	-	-	-	16 948 137
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	16 948 137	-	-	-	16 948 137	-	-	-	-	-	-	-	16 948 137
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	293 815 404	271 806 313	-	-	565 621 717	-	-	-	-	-	-	-	565 621 717

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	293 815 404	271 806 313	-	-	565 621 717	-	-	-	-	-	-	-	565 621 717
Other Assets													
Office Equipment	141 006	678 902	-	-	819 908	(302 121)	-	-	-	(422 976)	-	-	396 933
Furniture & Fittings	-	-	-	-	-	-	(6 445 888)	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	471 934	485 314	-	-	957 248	(169 441)	-	-	-	(224 849)	-	-	732 400
Motor vehicles	34 121 343	10 910 269	-	-	45 031 612	(7 633 188)	-	-	-	(11 525 631)	-	-	33 505 981
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	2 539 391	1 703 304	-	-	4 242 695	(439 386)	-	-	-	(783 924)	-	-	3 458 771
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	13 789 756	4 334 331	-	-	18 124 086	(2 058 787)	-	-	-	(3 829 990)	-	-	14 294 096
	51 063 431	18 112 119	-	-	69 175 550	(10 602 923)	(6 445 888)	-	-	(16 787 369)	-	-	52 388 181
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	344 878 835	289 918 433	-	-	634 797 267	(10 602 923)	(6 445 888)	-	-	(16 787 369)	-	-	618 009 898

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land		-	-		-		-		-	-	-	-	-
Landfill Sites		-	-	-	-		-	-	-	-	-	-	-
Quarries		-	-	-	-		-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	2 122 481		-	-	-	-	-	-	2 122 481
Infrastructure													
Drains		-	-	-	-		-	-	-	-	-	-	-
Roads		-	-	-	-		-	-	-	-	-	-	-
Sewerage Mains & Purification		-	-	-	-		-	-	-	-	-	-	-
Electricity Mains		-	-	-	-		-	-	-	-	-	-	-
Electricity Peak Load Equip		-	-	-	-		-	-	-	-	-	-	-
Water Mains & Purification		-	-	-	-		-	-	-	-	-	-	-
Reservoirs – Water		-	-	-	-		-	-	-	-	-	-	-
Water Meters		-	-	-	-		-	-	-	-	-	-	-
Storm Water		-	-	-	-		-	-	-	-	-	-	-
Under construction					274 744 786								274 744 786
	-	-	-	-	274 744 786	-	-	-	-	-	-	-	274 744 786
Community Assets													
Parks & Gardens		-	-	-	-		-	-	-	-	-	-	-
Libraries		-	-	-	-		-	-	-	-	-	-	-
Recreation Grounds		-	-	-	-		-	-	-	-	-	-	-
Civic Buildings		-	-	-	-		-	-	-	-	-	-	-
Stadiums		-	-	-	-		-	-	-	-	-	-	-
Halls		-	-	-	16 948 137		-	-	-	-	-	-	16 948 137
Theatre		-	-	-	-		-	-	-	-	-	-	-
Swimming Pools		-	-	-	-		-	-	-	-	-	-	-
Cemeteries		-	-	-	-		-	-	-	-	-	-	-
	-	-	-	-	16 948 137	-	-	-	-	-	-	-	16 948 137
Heritage Assets													
Historical Buildings		-	-	-	-		-	-	-	-	-	-	-
Paintings & Artifacts		-	-	-	-		-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	-	-	-	-	293 815 404	-	-	-	-	-	-	-	293 815 404

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	-	-	-	-	293 815 404	-	-	-	-	-	-	-	293 815 404
Other Assets													
Office Equipment		-	-	-	141 006		-	-	-	(302 121)	-	-	(161 115)
Furniture & Fittings				-	-		(5 406 880)		-	-	-	-	-
Bins and Containers		-	-	-	-		-	-	-	-	-	-	-
Emergency Equipment		-	-	-	471 934		-	-	-	(169 441)	-	-	302 493
Motor vehicles			-	-	34 121 343	(7 633 188)	-	-	-	(7 633 188)	-	-	26 488 154
Fire engines		-	-	-	-		-	-	-	-	-	-	-
Refuse tankers		-	-	-	-		-		-	-	-	-	-
Computer Equipment			-	-	2 539 391	(439 386)	-	-	-	(439 386)	-	-	2 100 006
Computer Software (part of computer equipment)		-	-	-	-		-	-	-	-	-	-	-
Other Assets		-		-	13 789 756		-		-	(2 058 787)	-	-	11 730 969
	-	-	-	-	51 063 431	(8 072 574)	(5 406 880)	-	-	(10 602 923)	-	-	40 460 507
Finance Lease Assets													
Office Equipment		-	-	-	-		-	-	-	-	-	-	-
Other Assets		-	-	-	-		-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	344 878 835	(8 072 574)	(5 406 880)	-	-	(10 602 923)	-	-	334 275 911

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Executive & Council	1 042 340	1 215 321			2 257 661	163 624	300 433		464 057	1 793 604
Finance & Admin	2 709 557	4 452 348		(1 439 648)	5 722 258	811 209	899 451	(261 442)	1 449 217	4 273 040
Planning & Development	164 047	443 770			607 817	831	87 607		88 438	519 379
Health	-				-	-	-		-	-
Community & Social Services	293 815 404	271 806 313			565 621 717				-	565 621 717
Public Safety	1 551 729	752 940			2 304 669	303 147	322 429		625 576	1 679 093
Sport & Recreation	-				-	-	-		-	-
Environmental Protection	-				-	-	-		-	-
Waste Management	-				-	-	-		-	-
Road Transport	34 059 545	7 428 308			41 487 853	7 060 246	3 282 188		10 342 434	31 145 419
Water	8 651 226	4 484 232			13 135 458	557 817	1 382 892		1 940 709	11 194 749
Electricity	-				-	-	-		-	-
Other	2 884 075	774 847			3 658 922	1 705 142	170 884		1 876 026	1 782 896
Total	344 877 922	291 358 080	-	(1 439 648)	634 796 355	10 602 014	6 445 884	(261 442)	16 786 456	618 009 899

-

(0)

Ngaka Modiri Molema District Municipality
APPENDIX E
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

	Actual R	Budget R	Fo Variance R	Varianc %	Explanation of significant variances greater than 10% versus budget
REVENUE					
Rental of facilities and equipment	-	-	-	100%	
Interest earned - external investments	14 019 201	8 500 000	5 519 201	65%	
Government grants and subsidies	562 726 414	564 004 854	(1 278 440)	0%	N/A
Other income	4 453 009	4 831 438	(378 429)	-8%	
TOTAL REVENUE	581 198 624	577 336 292	3 862 332	1%	
EXPENDITURE					
Employee related costs	117 981 595	147 371 885	29 390 290	20%	N/A
Remuneration of councillors	9 865 023	12 981 461	3 116 438	24%	
Fines	-	-	-	100%	This is not budgeted for.
Bad debts	-	-	-	0%	n/a
Depreciation and amortisation expense	6 445 888	-	(6 445 888)	100%	Not budgeted for as required by GRAP
Grants and subsidies paid	55 441 819	34 530 000	(20 911 819)	-61%	Difference is due to received Grants not spent.
Repairs and maintenance	46 100 279	47 597 000	1 496 721	3%	
Contracted services	25 955 560	28 830 000	2 874 440	10%	This was underbudgeted for based on previous actuals
General Expenses	166 603 840	82 579 543	(84 024 297)	-102%	n/a
TOTAL EXPENDITURE	428 394 003	353 889 889	(74 504 114)	-21%	
Gain / (loss) on sale of assets					
	-105 943				
NET SURPLUS / (DEFICIT) FOR THE YEAR	152 698 678	223 446 403	(70 641 782)	13%	
-					
Control Check					
AFS 2010 - revenue	581 198 623.94				
difference	-				
AFS 2010 - expenditure	428 394 003.06				
difference	-				
net surplus	152 698 678				
difference	-				